

Message Text

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PAGE 01 LISBON 05352 111629Z

61

ACTION EUR-12

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TO SECSTATE WASHDC 4226

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C O N F I D E N T I A L LISBON 5352

E.O. 11652: GDS

TAGS: EAID, PO

SUBJ: EXCESS EQUIPMENT DRAWING RIGHTS

REF: (A) LISBON 5207 DTG 051634Z SEP 75

(B) MEMO OF UNDERSTANDING EXCESS EQUIPMENT /DRAWING RIGHTS"
OF MARCH 10, 1972

SUMMARY: THE 1971 AZORES BASE AGREEMENT PROVIDED FOR 5 MILLION DOLLAR "DRAWING RIGHTS" ON EXCESS MILITARY EQUIPMENT FOR USE IN CIVIL SECTOR. AS PART OF ITS NEGOTIATING STRATEGY FOR A NEW BASE AGREEMENT, THE GOP DID NOT USE THE DRAWING RIGHTS PROGRAM DESPITE THE OFFER OF MANY WORTHWHILE ITEMS. THE PORTUGUESE WERE TOLD IN MARCH, 1972 DISCUSSIONS (REF B) THAT OFFER EXPIRED JUNE 30, 1974; HOWEVER, EXPIRATION DATE IN ORIGINAL AGREEMENT WAS NOT FIRMLY ESTABLISHED. I URGE THAT DEPARTMENT AND DOD URGENTLY REVIEW THE POSSIBILITY OF EXTENDING THE DRAWING RIGHTS PROGRAM. END SUMMARY.

1. THE 1971 BASE AGREEMENT PROVIDED FOR 5 MILLION IN "DRAWING RIGHTS" OF ANY NON-MILITARY EXCESS SHIPMENT FOUND TO MEET PORTUGUESE REQUIREMENTS OVER A PERIOD OF TWO YEARS. THE FIGURE OF 5 MILLION WAS TO BE CONSIDERED ILLUSTRATIVE AND NOT A MAXIMUM
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PAGE 02 LISBON 05352 111629Z

CEILING SO THAT THE VALUE COULD BE EXCEEDED IF MUTUALLY DESIRED.

THE MEMORANDUM OF UNDERSTANDING OF MARCH 1972 (REF B) OUTLINED THE TIME LIMITS AS FOLLOWS: BEGIN QUOTE:: TWO-YEAR TIME LIMIT ON GOP DRAWING RIGHTS UNDER THE COMMITMENT; SPECIFIC BEGIN AND END DATES ARE NOT STATED. USG REPRESENTATIVES GENERALLY INTERPRETED THE PERIOD TO BE JULY 1, 1972 TO JUNE 30, 1974, ASSUMING THE NECESSARY PRESIDENTIAL DETERMINATION FOR FY 73 AND FY 74 WOULD HAVE BEEN ISSUED. ALTHOUGH GOP OFFICIALS DID NOT DISAGREE WITH THIS INTERPRETATION, THEY APPARENTLY WERE UNDER THE IMPRESSION THAT THE CUT-OFF DATE WOULD COINCIDE WITH THE EXPIRATION DATE OF THE AZORES AGREEMENT AS EXTENDED (I.E.FEBRUARY 3, 1974). END QUOTE.

2. ACTIVATION OF AGREEMENT AT THIS TIME WOULD BE USEFUL FOR FOLLOWING REASONS:

- (A) PROGRAM COULD BE SOURCE FOR U.S. AID TO NEEDS OF ANGOLAN REFUGEES ARRIVING IN PORTUGAL. (U.S. OFFERED GOP MANY ITEMS OF POSSIBLE USE IN REFUGEE RELIEF, SUCH AS EVACUATION HOSPITALS AND PORTABLE SHELTERS IN EARLIER YEARS OF DRAWING RIGHTS PROGRAM.
- (B) PROGRAM WOULD DEMONSTRATE BENEFITS TO PORTUGAL OF AZORES BASE AGREEMENT.
- (C) PROGRAM, BY ENGAGING MILITARY IN USEFUL CIVIC ACTION PROJECTS, MIGHT HELP TO DIVERT INTEREST FROM "CULTURAL DYNAMIZATION" EFFORTS.
- (D) PROGRAM WOULD COMPLEMENT OUR ECONOMIC ASSISTANCE EFFORTS.

3. ACTION REQUESTED: I REQUEST THAT DEPARTMENT AND DOD EXPLORE POSSIBILITY FOR REACTIVATING THE NON-MILITARY EXCESS DRAWING RIGHTS PROGRAM ON AN URGENT BASIS.
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